

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 EA-11 FRB-02 INR-10 NEA-10 NSAE-00 OPIC-12

LAB-06 SIL-01 L-03 FTC-01 H-03 PRS-01 PA-03 USIA-15

RSR-01 /188 W

----- 001702

R 031720Z AUG 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5619

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 4484

EO 11652 NA

TAGS: EIND, EEC, ETEL

SUB: EC DRAFT MEMORANDUM HN COMPUTER POLICY

REF: A) STATE 146948; B) USEC A-282 JULY 25, 1973

1. SUMMARY. THE LATEST AVAILABLE INFORMATION ON EC  
COMPUTER POLICY--INCLUDING THE COMMISSION STAFF'S  
WORKING PAPER--HAS BEEN REPORTED IN REF B. BECAUSE  
OF THE AUGUST VACATION PERIOD THE MISSION IS DEFERRING  
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MOST OF ITS DISCUSSIONS WITH EC COMMISSION OFFICIALS

UNTIL SEPTEMBER. WE HAVE, HOWEVER, EXPRESSED OUR CONCERNS TO FIELDING, DIRECTOR FOR NORTH AMERICAN AFFAIRS IN EXTERNAL RELATIONS, AND TO SCHLIEDER, DIRECTOR GENERAL FOR COMPETITION. ALTHOUGH SCHLIEDER EXPRESSED SOME SKEPTICISM ABOUT THE POSSIBILITY OF A "EUROPEAN" COMPUTER POLICY ON PRACTICAL GROUNDS, HE DID NOT SEE IT CONFLICTING WITH EC COMPETITION POLICY. IN ADDITION TO THE PRESENT ROUND OF APPROACHES, WE BELIEVE WASHINGTON SHOULD CONSIDER PROPOSING A BROAD US-EC INDUSTRIAL POLICY EXCHANGE IN THE FALL TO INCLUDE BUT GO BEYOND OUR CONCERNS IN THE COMPUTER FIELD. END SUMMARY.

2. THE LATEST DEVELOPMENTS ON THE EC COMPUTER POLICY AND US INDUSTRY REPRESENTATIVES' REACTIONS HAVE BEEN REPORTED IN REF B, OUR MOST RECENT WRAP-UP ON INDUSTRIAL POLICY.

3. REGARDING US CONCERNS ABOUT THE TONE AND CONTENT OF THE EC COMMISSION'S STAFF PAPER (REFTEL A), WE ARE OBLIGED TO DEFER OUR MAJOR DISCUSSIONS UNTIL THE SENIOR EC COMMISSION OFFICIALS DIRECTLY CONCERNED--NOTABLY DIRECTOR GENERAL FOR INDUSTRIAL AFFAIRS GRIERSON AND/OR HIS CLOSE ASSOCIATES--RETURN TO BRUSSELS IN SEPTEMBER. (AT PRESENT, THERE IS ONLY A SKELETON STAFF AT THE COMMISSION.)

4. MEANWHILE, HOWEVER, WE HAVE ADVISED LESLIE FIELDING, THE DIRECTOR FOR NORTH AMERICAN AFFAIRS IN THE EXTERNAL RELATIONS DIRECTORATE ( IMMEDIATELY UNDER HIJZEN) OF OUR CONCERN AND OUR INTENTION TO PURSUE THE MATTER IN SEPTEMBER. FIELDING WAS NOT FAMILIAR WITH THE MATTER BUT SAID HE WOULD LOOK INTO IT.

5. WE HAVE ALSO APPROACHED DIRECTOR GENERAL FOR COMPETITION, WILLY SCHLIEDER, THE ONE SENIOR PERSON AVAILABLE WITH SOME DIRECT RESPONSIBILITY FOR THE COMPUTER FIELD. DURING A MEETING ON AUGUST 2 THE CHARGE CONVEYED OUR VIEWS ALONG LINES OF THE POINTS CONTAINED IN REFTEL A, PARAS 5, 6, 7, AND 8. SCHLIEDER DID NOT SEE THE PROPOSED COMPUTER POLICY RUNNING HEAD ON INTO THE COMMUNITY'S COMPETITION POLICY BECAUSE OF THE ALREADY POWERFUL POSITION LIMITED OFFICIAL USE

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OF IBM. HOWEVER, HE RECOGNIZED THAT OVER TIME THERE MIGHT BE AT LEAST A POTENTIAL CONFLICT. HE POINTED OUT THAT THE COMMISSION'S MERGER CONTROL PROPOSALS (BEING REPORTED SEPARATELY) ENVISAGE AN EXCEPTION FOR MERGER CASES "WHERE OTHER EC POLICIES ARE INDISPENSABLE TO THE ATTAINMENT OF AN OBJECTIVE GIVEN PRIORITY TREATMENT IN THE COMMON INTEREST OF THE COMMUNITY". THIS MEANT FOR SCHLIEDER THAT IN THE EVENT OF APPARENT CONFLICT, A WEIGHING OF

CONFLICTING COMMUNITY INTERESTS WOULD BE REQUIRED  
CASE BY CASE. ON THE OTHER HAND, SCHLIEDER ALSO SAID  
THE PROPOSALS WOULD TAKE A LONG TIME TO GAIN COUNCIL  
APPROVAL IF THE COUNCIL WILL INDEED ACCEPT THEM.

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6. ON PRACTICAL GROUNDS SCHLIEDER DID NOT BELIEVE THAT  
A COMMUNITY PUBLIC PROCUREMENT POLICY WOULD BE EFFECTIVE  
IN PROMOTING A EUROPEAN-BASED COMPUTER INDUSTRY BECAUSE  
IBM EQUIPMENT IS SO ADVANCED AND BECAUSE THERE WOULD BE  
A RELUCTANCE BY GOVERNMENTAL ORGANIZATIONS TO PURCHASE  
COMPUTERS WHICH ARE TECHNICALLY INFERIOR. HE STILL BE-

LIEVED THAT THE BEST WAY TO BUILD UP A COMPETITIVE EUROPEAN COMPUTER COMPANY WOULD BE THROUGH COLLABORATION WITH AN AMERICAN COMPANY OTHER THAN IBM. WHEN ASKED IF SUCH COLLABORATION WAS ENVISAGED BY THE COMMISSION, HE SAID LIMITED OFFICIAL USE

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THAT APPARENTLY IT WAS CONSIDERED A REAL POSSIBILITY BUT ONLY AFTER A EUROPEAN-BASED COMPANY WAS ON A SOUND FOOTING. WHEN ASKED IF THE COMMISSION'S PROPOSALS WOULD EXCLUDE A US COMPANY FROM HAVING A MAJORITY INTEREST IN A "EUROPEAN" COMPANY HE SAID THAT, ON PRACTICAL GROUNDS, IT WOULD BE MOST UNLIKELY THAT A EUROPEAN GROUP WOULD SEEK AMERICAN PARTICIPATION ON THAT BASIS.

7. COMMENT: WE NOTE FROM THE REFERENCED INSTRUCTION THAT WASHINGTON EXPECTATION THAT "THE COMMISSION WILL KEEP US INFORMED OF ITS PLANS IN THIS AREA" AND OUR INTENTION TO DISCUSS COMPUTER POLICY FURTHER WITH THE COMMISSION AS DEVELOPMENTS REQUIRE. WE BELIEVE THAT, IN ORDER TO HAVE A MAXIMUM EFFECT, SPECIFIC US REPRESENTATIONS RELATED TO INTERNAL EC COMMISSION WORKING PAPERS, SUCH AS THE COMPUTER PAPER, MUST BE HANDLED CAREFULLY LEST WE PLAY INTO THE HANDS OF THOSE WHO ARE QUICK TO CHARGE US INTERVENTION IN INTERNAL COMMUNITY AFFAIRS. WHERE EVER POSSIBLE OUR CONSULTATIONS WITH THE COMMUNITY SHOULD INVOLVE A TWO-WAY FLOW OF INFORMATION AND POLICY VIEWS SO AS TO TAKE ACCOUNT OF EUROPEAN SENSITIVITIES ABOUT RECIPROCITY IN RELATIONS WITH US. WE RECOGNIZE THAT, IN THE PRESENT INSTANCE, IT IS THE COMMUNITY THAT IS CONSIDERING DEVELOPMENT OF A NEW POLICY THAT WOULD CHANGE THE EXISTING SITUATION THEREBY AFFECTING US INTERESTS. AND WE FACE THE DILEMMA THAT, UNLESS WE GET OUR VIEWS IN AT THE FORMATIVE STAGE, IT IS DIFFICULT OR IMPOSSIBLE TO AFFECT EC POLICIES. GIVEN THIS SITUATION, WE BELIEVE IT WILL BE IMPORTANT IN THE FALL NOT ONLY TO CONVEY OUR VIEWS ON COMPUTERS PER REFTEL A BUT ALSO TO ARRANGE AN IN-DEPTH CONSULTATION WITH THE COMMUNITY ON INDUSTRIAL POLICY. THIS WOULD PROVIDE A FRAMEWORK AND AN OCCASION FOR DRIVING HOME OUR CONCERNS ABOUT THE KIND OF THINKING REFLECTED IN THE COMPUTER PAPER WHILE PUTTING THE MATTER IN PERSPECTIVE IN TERMS OF OVERALL US-EC INDUSTRIAL AND INVESTMENT RELATIONS. AT THE SAME TIME WE COULD SHARE WITH THE COMMISSION WHATEVER INFORMATION MAY BE AVAILABLE ABOUT US POLICY THINKING. WHILE IT IS TOO EARLY TO NAIL DOWN SUCH AN INDUSTRIAL POLICY CONSULTATION, THE SOAMES-CASEY MEETINGS TENTATIVELY PLANNED FOR OCTOBER 30-31 IN WASHINGTON MIGHT PROVIDE THE OCCASION FOR A FIRST-CUT. IF THE LIMITED OFFICIAL USE

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COMMISSION IS AGREEABLE, E BELIEVE THAT A SPECIAL CONSULTATION AT THE SENIOR OFFICIAL LEVEL WOULD ALSO BE VERY USEFUL. (GRIERSON HAS IN ANY CASE MENTIONED TO US HIS HOPE TO HAVE TALKS IN WASHINGTON BEFORE THE END OF THE YEAR.)

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